U.S. v. Norman Seabrook and Murray Huberfeld
Prepared Remarks of U.S. Attorney Preet Bharara
June 8, 2016

Good afternoon. My name is Preet Bharara, and I am the United States Attorney for the Southern District of New York.

We are here once again to announce corruption charges – this time, alleged corruption at the top of the largest union of municipal correction officers in the country.

This morning, the FBI arrested Norman Seabrook, the longtime President of the Correction Officers' Benevolent Association or "COBA," a union representing over 9,000 correction officers in New York City. We also charged and arrested Murray Huberfeld, the founder of Platinum Partners, a New York-based hedge fund.

Seabrook and Huberfeld are charged with engaging in a straightforward and explicit bribery scheme. The Complaint describes a simple quid pro quo – a $60,000 cash kickback to Seabrook, with promises of even more, in exchange for a $20 million investment in Huberfeld's hedge fund.

By way of background, Norman Seabrook has been the President of COBA for over 20 years. As president of the union, Seabrook wielded power and control over the lives of the thousands of the correction officers he represented, including by making decisions about how the officers' retirement funds should be invested. As alleged in the Complaint, Seabrook believed he was entitled to more. As he put it to a witness at the start of the charged bribery scheme in 2013, "it was time that Norman Seabrook got paid."

This cooperating witness, identified in the Complaint as CW-1, has since pled guilty to his participation in this scheme. CW-1 knew that his friend Murray Huberfeld, who ran the hedge fund Platinum Partners, was looking for investors, and an investment from a public pension like COBA would be very helpful to his business – so helpful, in fact, that Huberfeld might be willing to pay a kickback to get it.

And he was right. Huberfeld allegedly jumped at the opportunity. He agreed to pay Seabrook a secret kickback, if Seabrook invested COBA money in Platinum Partners.

CW-1 communicated this to Seabrook, and Seabrook ultimately directed $20 million of COBA money to Platinum Partners.

Notably, this was an unusual investment. COBA had never before invested in high risk vehicles like hedge funds.

So not only was this the first time COBA had invested in a hedge fund, it was also the first time that Platinum had received an investment from a retirement fund.

We allege this was not a coincidence; it was corruption.

Notably also, COBA's investments in Platinum Partners came at a time when the fund desperately needed money, at a time when redemptions were rapidly outstripping new investments. In fact, COBA's $20 million investment allegedly made it the largest investor in one of the Platinum funds in 2014, amounting to more than half of the incoming dollars that year – so the bribed investment was something of a lifeline for the fund. In other words, just as high net-worth investors were getting out of the fund, Seabrook was getting in-- with union retirement money.

Also, $5 million of the $20 million Seabrook directed to Platinum was COBA's own operating assets and that amounted to almost half – 40% – of COBA's nonretirement fund assets locked in with one hedge fund, Platinum.

Now, how did this witness get the money to Norman Seabrook? Literally through a bag full of cash. As the Complaint alleges, on December 11, 2014, the cooperating witness went to one of Seabrook's favorite luxury goods stores – Ferragamo – bought a bag and filled it with $60,000 in cash. He met Seabrook a few blocks from the store, got into his car, and handed him the bag of money: $60,000 in cash as kickback for Seabrook sending COBA money to Platinum Partners.

By the way, in a court-authorized search of Seabrook's home this morning, FBI agents found a bag that matches the description from the receipt, along with 10 pairs of Ferragamo shoes.

To hide their corrupt scheme and to reimburse CW-1, as alleged, the co-conspirators hatched a cover-up plan involving a contemporaneous fake invoice for basketball tickets. Let me explain.

Remember, CW-1 fronted the cash bribe to Seabrook and now he needed to get paid back by Huberfeld, whose fund was getting the investment, as alleged.

In order to paper that reimbursement in a way that would appear legitimate, Huberfeld suggested that they create a fake invoice representing a fake sale of 16 Knicks tickets that the cooperating witness had as part of his season ***tickets***. They agreed to claim that he sold those tickets to Platinum Partners for $60,000 – two seats for eight games at $7,500 per game.

The date of that invoice was December 11, 2014, the same as the date of the purchase of the Ferragamo bag and the cash bribe. By the way, on the date that Huberfeld purportedly paid $60,000 for 16 Knicks tickets, the Knicks record was…4-20.

Of course, CW-1 never actually gave Huberfeld the tickets and no one at Platinum ever used them – it was just a way to paper over the $60,000 in payments to Seabrook.

I want to thank the FBI represented here today by Diego Rodriguez, Assistant Director in Charge of the New York Field Office, for their great work in this investigation. Our partnership with the FBI is as strong as it has ever been, and we have been working together in this and so many other cases to fight crime in New York and to keep our public officials honest. So I want to thank the FBI and specifically Special Agents Blaire Toleman, Joseph Downs, Jennifer Rannuci, Bard Hubbard, Michael Buscemi, and Jason Alberts.

I also want to thank and acknowledge the NYPD and Commissioner Bratton for their assistance in this and in a number of related public corruption investigations. And in this case, specifically Sergeant Marc Klausner of the Internal Affairs Bureau.

Finally, I want to thank the investigators and career prosecutors in my office who have worked on this important case: Assistant United States Attorneys Martin Bell, Russell Capone, and Kan Nawaday, supervised by Andrew Goldstein, the Chief of

our Public Corruption Unit.

As alleged today, Norman Seabrook, COBA's president for over two decades, made decisions about how to invest correction officers' retirement money – the nest egg for thousands of hard-working public servants – based not on what was good for his union members, but based on what was good for Norman Seabrook.

For a Ferragamo bag stuffed with cash, Seabrook allegedly sold himself and his duty to safeguard the retirement funds of his fellow correction officers.

Norman Seabrook is presumed innocent. Everything I have said is just an allegation. But we intend to prove every allegation in federal court as soon as we are able.

And we intend also to be as aggressive as ever in exposing corruption wherever we find it. Too bad we seem to find it everywhere we look.

Now let me bring to the podium my good friend and partner, the ADIC of the FBI New York Field Office, Diego Rodriguez.